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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

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MEMORANDUM FOR: Director of Central Intelligence

VIA : Robert R. Bowie
Director, National Foreign Assessment CenterRichard Lehman
National Intelligence Officer for WarningFROM : Joe L. Zaring
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SUBJECT : Monthly Warning Assessment: Western Europe

TURKEY

1. The resumption of political violence at pre-martial law levels and the deepening economic crisis reenforce our pessimism about the short- and mid-term political outlook. Even if Ecevit survives the parliamentary hurdles he faces in the next few weeks -- and it will be touch-and-go -- the draconian measures needed to root out the causes of violence seem likely to require an expanding role for the military. This would be all but certain should there be another flare-up of ethnic and religious conflict in the still-restive eastern part of the country. We are also concerned that further delay in the international economic rescue effort -- that the Guadeloupe summit seemed to Ankara to promise -- will increase the Turks' ever-prevalent sense of alienation from the West. ☐

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ITALY

2. Italian politicians will probably make several more attempts to form a new government before trying to resolve the current political crisis through early elections, but it seems increasingly unlikely that a formula to delay them can be found. The major difficulty remains Communist insistence on cabinet posts and the Christian Democrats' refusal to meet these demands. As long as the Socialists are reluctant to support a government which excludes the Communists, the stalemate is likely to lead to an election. Some observers believe that the Socialist position would be enhanced in later

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rather than early elections and that the party might then reconsider an alliance with the Christian Democrats. We remain highly skeptical of possible Socialist gains and doubtful the party would be prepared to play a role exposing it to Communist attacks. It is more likely an election will reconfirm the predominance of the two larger parties and place added pressure on the Christian Democrats to reach an accommodation with the Communists.

FRANCE

3. The prospect of heavy layoffs in the steel industry has forged a degree of "unity of action" among French Labor federations unseen since before the parliamentary elections last March. Combined with -- and in some instances building on -- genuine grass roots dissatisfaction with the government's anti-inflation policies, this may herald a period of sometimes violent labor disturbances and demonstrations. Angry protestors from the eastern provinces have already shown a disposition to take their case to Paris, and there are plans for a march on the capital in mid-March. Although labor leaders have not always been fully in control of the rank and file, we do not now see a threat to security. The unrest will embarrass the government and its touted rationalization program, however, and add to the bitter political infighting leading up to the June elections to the European Parliament.

WESTERN EUROPE/ENERGY

4. There is growing official and private apprehension about the impact of the Iranian revolution on the European energy balance. Although the various governments are looking for alternative supplies, shortages -- requiring rationing by distributors and other conservation measures -- are expected by the second quarter. Even more worrying is the effect that rising prices will have on the balance of payments, incomes policies, and -- ultimately -- on industrial activity.

SPAIN

5. Basque terrorist activity, which only last month had raised disaffection in the security and military services to alarming levels, has tapered off since mid-January, although sporadic attacks on police and civil officials continue. Some possible reasons for this lull are the arrests of hundreds of ETA suspects, including several alleged leaders; the tougher attitude of French authorities toward Basque terrorists seeking safehaven across the border; a desire by the terrorists to shore up their local support (by concentrating on local targets) before launching a pre-election wave of national attacks; or second thoughts about the wisdom of goading the military into direct action. Regional devolution -- of which the terrorist problem is an aspect -- remains the most volatile problem the new government will face after the 1 March elections.

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